



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE RECIPROCITY AGREEMENT

FROM A CANADIAN STANDPOINT

BY HON. GEORGE E. FOSTER, M.P.

It is difficult for Americans to realize that all Canadians are not enthusiastically throwing up their hats in favor of the reciprocity agreement. It is a fact, however, that they are not. Indeed, the opposition to it is wide-spread, deeply seated, and very determined.

Since the publication of its terms numerous petitions and resolutions protesting against its adoption have poured into Parliament. The Toronto Board of Trade by a vote of 302 to 13 condemned it, and was followed by that of Winnipeg and Montreal and by the Associated Boards of Ontario. No representative Board in Canada has yet pronounced in its favor. It is opposed by the fruit-growers' associations of Ontario and British Columbia and by the market-gardeners everywhere.

Business, banking, industrial, and transport interests are against it. In Parliament three of the strongest supporters of the Government have broken away on this issue, and a large and influential body of liberal business men in Toronto and Montreal have organized an Anti-reciprocity League and are holding monster meetings in protest. The legislatures of New Brunswick, British Columbia, Manitoba, and Ontario have passed resolutions of strong disapproval and by large majorities. New Brunswick, Quebec, and Ontario have prohibited the export of pulp wood cut on Crown lands. The farmers and fishermen, who were supposed to be especially attracted by it, are divided in opinion, and further study and reflection will increase the proportion of dissidents. In Parliament the United Liberal-Conservative party is making a vigorous fight to defeat the measure, and if the Government, in spite of defections, carry it, will transfer the strug-

gle to the electors before whom the Government must come within a year.

How will it end?

It is my belief that the country will reject it, and I will give some of the reasons on which that belief is based. The proposal comes too late.

For half a century beginning with 1850 Canada sought for reciprocal trade with the United States, at first with keen desire, later with diminished ardor, and during the concluding years of that period more from the force of tradition than a sense of real need. In this long quest she met with little sympathy and many rebuffs. The Elgin treaty of 1854 was no sooner concluded than dissatisfaction began to be manifested by the United States, which denounced it at the earliest opportunity and against Canada's wishes. After its termination in 1866 a long series of pilgrimages were made to Washington, but again our approaches were not welcomed and our advances were repulsed. Disputes over the fisheries led to the fishery treaty of 1873, which in turn was terminated by the United States, again in opposition to our wishes. Then further pilgrimages were undertaken and fresh rebuffs encountered until, in 1888, Canada succeeded in negotiating a fishery treaty with President Cleveland, which, however, the Senate promptly refused to ratify.

Further negotiations in 1891 and 1892 resulted in failure, and the Liberal-Conservative party then in power gave up the quest and turned toward the development of Canada on national and imperial lines.

The Liberal party with stronger reciprocity traditions kept to the trail until 1898, when, rebuffed at Washington, they too abandoned the pursuit. This attitude, maintained for so many years, had its effect north of the national line. Repulsed toward the south, Canada was thrown back upon her own resources, each rebuff acting as a challenge to her self-respect and an impulse to self-development.

The answer to the abrogation of the Elgin treaty was the confederation of the disconnected provinces, the evolution of a strong Canadian ideal, and the birth of a new nation. From that moment a new alignment of forces and a new trend of development superseded the ideals and plans of the past. Under this impulse, Canada began to discover herself and gradually awoke to the realization of her wonderful nat-

ural resources and splendid possibilities. Her great needs were population and capital, and she set to work to obtain these by establishing industries, constructing transport facilities, and opening up her vast agricultural areas to the land-seekers of the world. At great cost she has succeeded beyond her most sanguine expectations. Under a moderate protective tariff an industrial system has been developed which has reached an annual output of \$1,000,000,000, furnishes employment to 435,000 workmen, and distributes an annual wage of \$250,000,000. A magnificent system of railways and improved waterways has been created which provide ready transport between all the provinces; out of the trackless prairie solitudes of forty years ago three great provinces have been carved where large cities have sprung into existence and the fallow fields are being turned into richly productive farms at the rate of millions of acres yearly. Into these wide spaces are pouring land and home seekers from all parts of the world, 300,000 of whom began their home-building there last year, and present indications are that this year half a million more will be added. Canada's population, 3,000,000 at confederation and now 8,000,000, will probably reach 50,000,000 by the middle of the present century. Her foreign trade, in 1867 \$130,000,000, is now \$728,000,000, and her interprovincial traffic has reached large dimensions. Her progress during the last twenty-five years has been phenomenal and as yet but the fringe of her great natural resources has been touched. In short, Canada has become a young nation with all the growing pride and widening aspirations that belong thereto. The foregoing briefly explains why a proposal which forty or even thirty years ago would have been hailed with delight fails to appeal to us to-day; why, in fact, it seems rather to challenge our whole policy of development, material and national.

The agreement narrows and restricts our fiscal freedom. It comprises a stated list of articles, all of which are to be accepted or none. There can be no elision or addition. We have, therefore, in estimating its desirability to strike a balance between its advantages and disadvantages. Some Canadian interests would undoubtedly be injured by its adoption and some might be helped. To some sections it might be of advantage whilst to others it would certainly prove detrimental. The measure must be judged by its effect upon the whole country and all its interests.

Brought to this test, we find it undesirable and even dangerous. Existing conditions in Canada and the United States do not favor any broad reciprocity in natural products. Both are producers of similar products and both as countries have a surplus over home needs. For this aggregate surplus both have to seek the same outside markets and accept the same prices. They are, in fact, competitors at home and abroad. Exchanges influenced by locality or seasons might sometimes be advantageous, but a national trade policy is based on what is best for the whole and best permanently, whilst local and occasional exigencies must be met otherwise. It might temporarily suit our prairie provinces which raise no fruit if fruit came in free from the United States, but if this deprived Ontario and British Columbia, which are large producers of fruit, of their market in these provinces, and in addition exposed them to a ruinous competition in their own home market, the result would be otherwise than beneficial to Canadian development as a whole. It would shift the base of a profitable production from Canada to the United States, diminish the volume of interprovincial traffic, and retard the home development of the fruit industry. The pact allows no selection and either limits or abrogates the power of Parliament to redress grievances and remedy disabilities in any particular case. To disturb one schedule imperils the whole.

Under these conditions, it seems better that each country should retain its full freedom over its tariff legislation. It can then by lessening or removing the duty facilitate the entry of what is beneficial or by increasing it redress inequalities in competition.

The pact is urged upon Canada on the ground that it opens to our farmers a market of 90,000,000 people. A slight analysis serves to modify the strength of that appeal. How much of that 90,000,000 market is accessible to our surplus eggs, butter, cheese, fruits, vegetables, live stock, grain, and meat products? Distance and cost of transport cut out nine-tenths and more. The remaining fraction is scattered along four thousand miles of frontier and its demands are modified by contingencies of season and locality. Even then our products, wherever they do go, must compete with similar products raised nearer by and with cheaper access and better organized distribution.

But we do not forget that the same pact opens up the

markets of Canada to the competition of twelve times as many producers whose seasonal and sectional surplus can be poured into the present home markets of our producers. The width of our more thickly populated country is shallow compared with that of the United States and the bulk of its population more easily reached. The vast organized collecting and distributing trusts in meats, provisions, and agricultural products could easily flood our more accessible markets and become formidable competitors of our less highly organized producers and distributors. These have also to contend with climatic disadvantages in many lines of production, which, in added feeding and fuel expenses, in more rigorous weather conditions, and in later and shorter seasons, handicap them in comparison with more southern competitors. This handicap has been met hitherto, in part at least, by a moderate tariff which has largely preserved our home market for our home producer and which the pact would remove. Canada has found it necessary to maintain a reasonable all-around protection; to remove this from the farmers and fruit-growers and continue it to the other industries would be unfair to the former and would result in the destruction of the policy which has been approved by thirty years of great progress and prosperity. Canada is not prepared to take these chances yet. When she has 50,000,000 people and has enjoyed another half-century of development it may be different.

We are urged to accept the agreement in order to promote friendly feelings between Canada and the United States. Does the necessity exist? Never in the history of the two countries was there greater friendliness, nor a warmer appreciation of each other. One by one the causes of friction have been eliminated and the last great outstanding dispute—that of the fisheries—has been lately settled by the Hague Award. Our trade with the United States amounted last year to \$352,000,000 and is constantly enlarging. No one will contend that free trade is essential to the continuance of friendly relations. But if there is any obligation upon either country to consider trade concessions it surely rests upon the United States.

In 1910 Canada purchased from the United States \$223,000,000 worth of products; the United States purchased from Canada only \$104,000,000 worth. We gave you free entry for \$98,000,000 worth of your products

and you gave us free entry for but \$33,000,000 of our goods.

As to tariffs, you met us with an average rate of sixty per cent. on sugars, fifty-three per cent. on cottons, thirty-eight per cent. on iron and steel, thirty-two and one-half per cent. on breadstuffs, ninety per cent. on woollens, and of forty-two per cent. on all dutiable imports. Our average on all dutiable imports from your country was twenty-four per cent.

The disparity above shown has existed in similar proportion for thirty years. It would seem that it is up to the United States, instead of threatening us with her surtax and barring our products with her almost prohibitive tariffs, to begin the campaign of friendly trade treatment by taking some rails from her national line fence in favor of so good a trade neighbor without demanding more from us. It is well in considering a proposal to inquire as to what the other party is after.

In this instance there is no difficulty in finding the answer. Your politicians, publicists, manufacturers, carriers, and newspapers are delightfully frank in exposing their reasons. But I am bound to say that these are not always so convincing to Canadians as to yourselves. In fact, most of them dispose us to grave consideration and inquiry. The argument runs thus: The cost of living is too high, prices of foods and raw materials must be lowered, and to effect this the tariff rates must be lessened or removed. The Republican party is honeycombed with insurrection for not doing this in 1909 and must now make amends. The Democrats are pledged to revision downward and are now in control.

Why with all this unanimity of conviction and agreement in policies is the simple act of cutting down your tariff not promptly performed and the desired relief obtained? No co-operation on the part of Canada is required. Your newspaper men want cheaper pulp, your millers cheaper wheat, your packers cheaper stock, your railways more freights, your manufacturers cheaper raw material, and your consumers cheaper food. All these things you say Canada has for sale and only the tariff stands in the way of your procuring them more cheaply. Then why do you not cut your tariff, which is the only one standing in the way? One single stroke of the Congressional pen would give you all you say you need. And yet you wait for and insist upon reciprocity. This makes Canadians think there is something more than

a desire for cheaper food-supplies and raw material behind this insistence. Else President Taft would not be talking about the "parting of the ways" nor Mr. Hill about the unique opportunity which presents itself for striking the death-blow to Imperial preference. No way that Canada might choose and no system of Imperial preference could deprive the United States of its right to lower or remove its tariff rates on imports and so secure Canadian products more cheaply. And it is just that other thing that lies behind which makes us thoughtful, inquiring, and cautious.

Both your parties are protectionist and apparently intend to remain so. Yet you offer to Canada free trade in all products, though you refuse it to the rest of the world. Why? You want extended markets for your manufactures and you see to the north 8,000,000 consumers likely to be increased to 100,000,000 by the end of the century.

You are becoming less and less exporters of food and raw materials and more and more exporters of finished products. Your natural resources are gradually diminishing whilst Canada has immense virgin supplies. Access to this country will give you exactly what you desire in these respects. You will be able to replenish your depleted stores of raw material, carry on your manufacturing processes more profitably, and sell the finished products in the northern market.

Your carriers will benefit by double transport, your millers will make more flour and by-products, your prepared food makers and meat-packers will reap rich profits on their finished products, and your country will secure the advantages of all the subsidiary employment connected therewith.

All this is good policy on your part, but where do Canadians come in? Under existing conditions, there has been a large transfer of manufacturing plant and capital from the United States to Canada—\$300,000,000 worth within the last ten years. In vivid language Senator Beveridge and Governor Foss urge the speedy adoption of reciprocity to stop such wholesale transfer and retain for their country its capital, its labor, and its profits.

In a word, you desire to make Canada for trade purposes like unto a State of the Union, except that you do not propose to employ your capital within her borders. You will draw her raw resources to your very own country and work them up by your very own people and of course reap the

profits. Canadians may find employment in the rough work, cutting timber and loading it, mining ores and shipping them, raising stock and putting it on board Mr. Hill's cars, producing grain and drawing it to the trains headed southward. Well, all that you wish to do to benefit your country we wish to do to build up our country.

If raw materials form the basis of industrial development we are in no hurry to invite their wholesale exploitation by 90,000,000 of people who have squandered their own. If the working up of such material is a sure way to population, wealth, and national prosperity, why should we not pursue that path, the very path by which you have arrived at your present wonderful development? Why should we rest content with simply digging out ore, cutting timber, raising stock and grain? Why should we not proceed to manufacture and finish it and then to distribute it by our own lines of transport for our own home wants and then to export the surplus through our own seaports and by our own merchant marine? We have fought a long hard fight against distance and geography in order to consolidate our wide-flung territory and have succeeded.

We have at great cost opened our vast prairies and established an industrial system for the purpose of attracting population and capital and developing our rich natural resources. For thirty years we have been expending money lavishly in perfecting our east and west transport, to develop our interprovincial trade, and facilitate exchanges with the mother country.

The reciprocity pact cuts straight across this development and this ideal, disconnects our provinces, attacks our industries, taps our east and west connections by north and south lines, and menaces our national solidarity.

That is why we think it dangerous. But there is a wider view. Canada is an integral part of the British Empire and has no notion of weakening that connection. On the contrary, all the events of the last forty years have made for closer union, increased co-operation and growing influence. With complete autonomy in her own affairs, she has taken deeper interest in Imperial concerns and assumed greater responsibilities therefor. The ties of sentiment are being strengthened between the sister oversea dominions and the motherland by common interest in trade, defense, and whatever tends to organize and consolidate the empire. The lure

of a world-wide empire ideal attracts us and forbids all entanglements by the way. In that future organized world-wide empire Canada will play an important part both on account of her geographical position and her vast resources. Imagination would be dull indeed were it not fired by the splendid vision, the wide horizons, the Imperial opportunities, and, if you please, the solemn responsibilities of world work thus opened up. Commercial partnership in this empire appeals to us, has already been initiated, and is capable of indefinite enlargement. Whilst this would benefit Canada, it would also benefit and consolidate the empire, our empire.

This partnership is perfectly compatible with the utmost friendliness in trade and fellowship with other countries, and especially with the United States, with which we have so much in common. But it admits of no entangling alliances with any country which would antagonize its aims or hamper its freedom. The reciprocity pact would do both.

That is clearly why Mr. Hill wants it and wants it now. That may have been in the mind of President Taft when he used the illuminating phrase "the parting of the ways," or what impelled Mr. Champ Clark to declare that he was now "ready to annex Canada." That is exactly why the majority of Canadians, as I believe, do not want it and will strain every loyal nerve to prevent its enactment.

GEORGE E. FOSTER.